

For financial advisers only

Autumn Statement 2024 overview

We've summarised the key points relating to pensions and investments announced by the Chancellor in the Autumn Statement on 30 October 2024.

This information is based on our understanding of the announcements made on 30 October 2024, which may change.

Pensions

Inheritance tax on pensions

The government has announced plans to include most unused pension funds and death benefits within the value of a person's estate for Inheritance Tax purposes from 6 April 2027. A technical consultation will run for 12 weeks from 30 October 2024 to determine the processes required to implement the changes for UK registered pension schemes. The consultation:

- Seeks stakeholder views on the process by which Pension Scheme Administrators will report and pay any IHT due to HMRC.
- Introduces and summarises the changes to IHT on pensions, including the rationale for the change, and the impacts of these changes.
- Sets out how the new changes will operate in practice from 6 April 2027.

Reducing tax-free overseas transfers

From 30 October 2024, the government has removed the exclusion from the 25% Overseas Transfer Charge for transfers to QROPS established in the EEA and Gibraltar to help ensure that some UK residents don't benefit from a double tax-free allowance while remaining in the UK.

In addition, from 6 April 2025, the conditions of Overseas Pension Schemes (OPS) and Recognised Overseas Pension Schemes (ROPS) established in the EEA will be brought in line with the rest of the world, so that:

- OPS established in the EEA will need to be regulated by a regulator of schemes in that country
- ROPS established in the EEA must be established in a country or territory with which the UK has a double taxation agreement or a Tax Information Exchange Agreement.

Finally, from 6 April 2026, scheme administrators of registered pension schemes must be UK residents, which means that all administrators of registered schemes need to meet the same conditions.

Investments and tax

Capital gains tax

The rate of capital gains tax (CGT) applying to basic rate taxpayers will rise from 10% to 18% and the rate for higher and additional rate taxpayers will increase from 20% to 24%, where they dispose of

assets other than residential property on or after 30th October 2024. The CGT rate applying to most trusts will also increase from 20% to 24%.

The rates that apply to disposals of residential property will remain at 18% for basic rate taxpayers and 24% for higher and additional rate taxpayers respectively.

The lifetime limit for business asset disposal relief (formerly entrepreneurs' relief) will remain at £1,000,000. The 10% rate of CGT will apply to disposals made up to 5 April 2025, then the rate will increase to 14% for disposals between 6 April 2025 and 5 April 2026 and to 18% for disposals after 5 April 2026.

Inheritance Tax

The nil rate band will remain frozen at £325,000 and the residence nil rate band at £175,000 for a further two years to 5 April 2030. The taper threshold for the residence nil rate band will continue to be £2,000,000.

Agricultural and business property relief – these reliefs will be reformed from April 2026. The first £1,000,000 of combined agricultural and business property will be 100% relieved. Where the value of assets is over this threshold there will be relief at 50%, meaning the effective IHT charge will be 20%. There will be a reduced 50% relief applying to unlisted shares such as AIM shares.

National Insurance

The rate of employer's national insurance will increase from 13.8% to 15% with effect from April 2025. The secondary threshold at which employer's national insurance becomes payable will reduce from £9,100 to £5,000 from 6 April 2025 and will remain at that rate until 5 April 2028, increasing in line with the Consumer Prices Index thereafter.

ISA and Child Trust Fund allowances

The annual subscription limits will remain as follows until 5th April 2030:

ISA allowance - £20,000

Lifetime ISA allowance - £4,000

JISA allowance - £9,000

Child Trust Fund allowance - £9,000

As previously announced, the government will not proceed with the introduction of a British ISA. Digital reporting for ISA managers will be mandatory from April 2027.

Corporation Tax

The government has committed to cap the main rate of corporation tax at 25% in its Corporation Tax roadmap.

Non-UK domiciled individuals

From 6 April 2025, the remittance basis of tax will end and will be replaced with a residence-based system. There will be 100% relief for foreign income and gains in the first four years following the individual's arrival in the UK (unless they have been UK tax resident at some point in the 10-year period before their arrival).

As far as IHT is concerned, UK sited assets will continue to be subject to UK IHT. Where an individual has been resident in the UK for over 10 years out of the last 20 tax years, they will also be subject to UK IHT on their non-UK assets.

2025/26 allowances and rates

	Tax year 2025/26	Tax year 2024/25
Income tax – allowances		
Personal Allowance*	£12,570	£12,570
Income limit for personal allowance	£100,000	£100,000
Marriage allowance	£1,260	£1,260
Dividend allowance	£500	£500
Personal savings allowance- basic rate taxpayer	£1,000	£1,000
Personal savings allowance – higher rate taxpayer	£500	£500
Personal savings allowance – additional rate taxpayer	Nil	Nil
<i>* Reduced by £1 for every £2 of income over £100,000</i>		
	Tax year 2025/26	Tax year 2024/25
Rest of UK income tax – rates		
Basic	20%	20%
Higher	40%	40%
Additional	45%	45%
Scottish income tax – rates***		
Starter	Awaiting Scottish budget on 4 December 2024	19%
Basic		20%
Intermediate		21%
Higher		42%
Advanced		45%
Top		48%
Welsh income tax – rates		
Basic	Rest of UK rates apply	

Higher	Awaiting Welsh budget on 10 December 2024	Rest of UK rates apply
Additional		Rest of UK rates apply

Savings rates

Starting rate – limit first £5,000 of savings income	0%	0%
Savings rate – basic rate	20%	20%
Savings rate – higher rate	40%	40%
Savings rate – additional rate	45%	45%

Dividend rates

Ordinary rate	8.75%	8.75%
Upper rate	33.75%	33.75%
Additional rate	39.35%	39.35%

Tax year 2025/26

Tax year 2024/25

Rest of UK (including Wales) income tax - bands

Basic rate	£1 - £37,700	£1 - £37,700
Higher rate	£37,701 - £125,140	£37,701 - £125,140
Additional rate	Over £125,140	Over £125,140

Scottish income tax – bands***

Personal allowance	Awaiting Scottish budget on 4 December 2024	£12,570
Starter rate		£12,571 - £14,876
Basic rate		£14,877 - £26,561
Intermediate rate		£26,562 - £43,662
Higher rate		£43,663 - £75,000
Advanced		£75,001 - £125,140
Top rate		Over £125,140

Rate applicable to discretionary trusts

Rate applicable to trusts	45%	45%
Dividend rate	39.35%	39.35%

Tax year 2025/26

Tax year 2024/25

Pensions tax

Lump Sum Allowance	£268,275	£268,275
Lump Sum Death Benefit Allowance	£1,073,100	£1,073,100
Overseas Transfer Allowance	£1,073,100	£1,073,100
Annual allowance****	£60,000	£60,000
Money purchase annual allowance	£10,000	£10,000

**** Reduced by £1 for every £2 of adjusted income above £260,000, to a minimum of £10,000.

Capital gains tax

Annual exemption (individuals and personal representatives)	£3,000	£3,000
Annual exemption (trustees)	£1,500	£1,500
Basic rate (other than residential property)	18%	10% -from disposals made before 30 October 2024 18% from disposals made on or after 30 October 2024*
Basic rate (residential property)	18%	18%
Higher rate (other than residential property)	24%	20%-from disposals made before 30 October 2024 24% from disposals made on or after 30 October 2024*

Higher rate (residential property)	24%	24%
Trust rate (other than residential property)	20%	20% -from disposals made before 30 October 2024 24% from disposals made on or after 30 October 2024*
Trust rate (residential property)	24%	24%

* There are special provisions for contracts entered into before 30 October 2024 but completed after that date.

Inheritance tax

Rate	40%	40%
Nil rate band	£325,000	£325,000
Residence nil rate band	£175,000	£175,000

ISA thresholds

Maximum investment	£20,000	£20,000
Junior ISAs	£9,000	£9,000

Tax year 2025/26

Tax year 2024/25

Class 1 National insurance thresholds

Weekly Lower earnings limit (LEL)	£125	£123
Weekly Primary threshold (PT)	£242	£242
Weekly Secondary threshold (ST)	£96	£175

Class 1 National insurance rates

Employee contribution rates

Below LEL	0%	0%
Between LEL and PT	0%	0%
Between PT and UEL	8%	8%
Above UEL	2%	2%

Employer contribution rates

Below ST	0%	0%
Above ST****	15%	13.8%

**** Special rules for under 21 years old and apprentices under 25 years old

